

Pension News

Number 36, Summer 2006

A newsletter for retired members of the OMERS pension plan

OMERS beats its benchmark with a strong year in 2005

New OMERS Act passes
See page 4.

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Our investments had another great year in 2005. The total Fund return was 16.0% in 2005 – exceeding the benchmark return of 13.2%. The value of net investment assets grew to \$41.6 billion from \$36.2 billion as at December 31, 2004. In May, OMERS provided investment details in our *Report to Members*, a brochure we distribute to all retirees.

"The exceptional returns from our private-market investments in real estate, infrastructure and private equity, combined with the continued strength of global equity markets contributed to another strong year," said OMERS President and Chief Executive Officer Paul Haggis. "Our asset-mix strategy is working and we remain committed to increasing our private-market investments."

All groups delivered strong returns

Four investment groups focus on specific areas with specialized expertise: public markets, private equity, infrastructure and real estate. All four groups have delivered superior

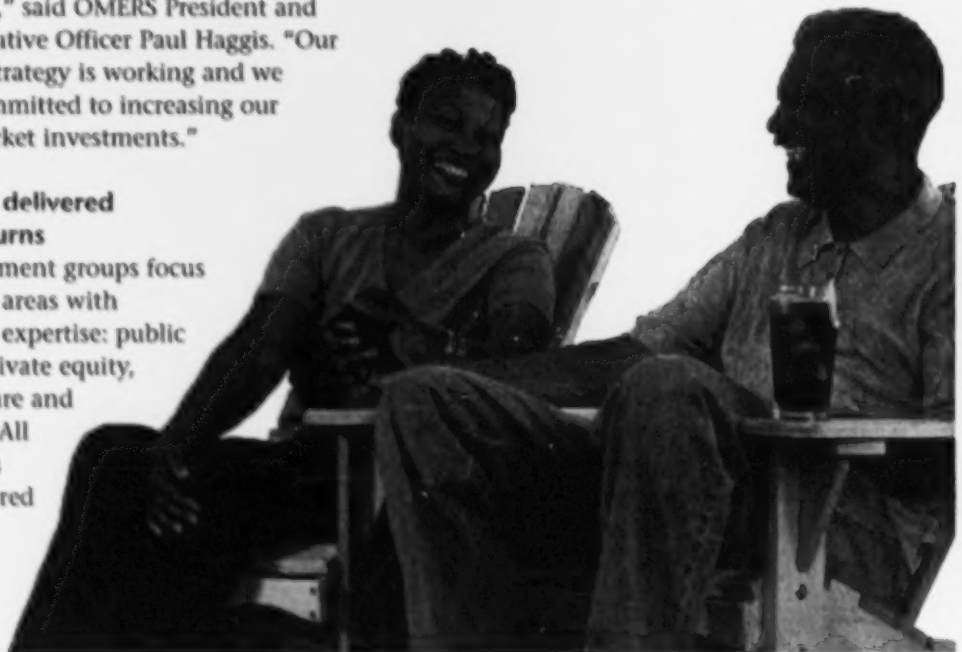
returns over the past couple of years. See the "Rates of return for OMERS investment groups" chart, page 2.

Each group will be featured in an issue of *Pension News*, starting with private equities on page 2 of this newsletter.

Funding status

Although OMERS investment returns in 2005 exceeded our funding requirement, the actuarial deficit in the basic plan increased to \$2.8 billion (actuarial net

Continued on page 2...



OMERS beats its benchmark with a strong year in 2005

Rates of return for OMERS investment groups

	Public markets	Private equity	Infrastructure	Real estate
2005 ■	12.6%	23.2%	23.2%	26.0%
2004 ■	10.3%	12.5%	31.0%	11.0%
Quick analysis: The higher return in 2005 is attributable to significantly higher returns in the Canadian public equity markets and the strength of the global equity markets.				
Quick analysis: The increased return in 2005 is due to strong market value appreciation on several investments that realized improved financial performance as the businesses matured.				
Quick analysis: The second straight year of strong returns in the energy sector have contributed to another successful year for infrastructure investment.				
Quick analysis: Returns in 2005 increased dramatically with the strong rental operating income plus favourable market value appreciation.				

assets of \$38.3 billion minus an actuarial liability of \$41.1 billion).

This increase is due to the actuarial "smoothing" of investment returns, which means that a

portion of the losses in 2001 and 2002 are recognized in the 2005 actuarial assets, and a significant portion of the gains of the past three years are deferred to the

future. In addition, wage adjustments, demographic factors and the annual inflation increase for retirees all contributed to higher-than-anticipated future costs.

www.omers.com For more detailed information on OMERS investment performance in 2005, view our online *Annual Report 2005*.

Private equity offers excellent returns

The portfolio is diverse. The strategy is long-term investments in private companies and fund relationships. The payoff is when the funds generate profits, or when the private company goes public or it is sold. The results, 23.2% rate of return in 2005, speak for themselves.

About \$2.5 billion, or about 6% of OMERS net investment assets, are invested in private equities. Over the next few years, we expect this will increase to approximately 10% of the total Fund.

Private equity investments appeal to OMERS because the high, absolute long-term returns fit with OMERS long-term pension promise.

Two forms of investments

The investment strategy for private equities takes two forms.

1. Fund Relationships

OMERS Capital Partners (OCP) invests as a limited partner in a fund managed by external fund managers. OCP has relationships with 35 external fund managers. For example:

Credit Suisse First Boston

CREDIT SUISSE | **FIRST BOSTON**

This New York-based fund manager has created one of the largest private equity pools in the world.

2. Direct Investments

OCP staff are directly involved with all aspects of the investment – identifying the opportunity, conducting due diligence,

structuring the transaction and generally leading the investor consortium. OCP manages 15 direct investments.

For example:

Cookie Jar



This company develops, produces, markets and distributes high-quality, non-

violent programming and supplemental educational products for children, families and educators worldwide. It has a 20% interest in Teletoon Canada Inc., which operates an animated television channel. The company was privatized in 2004. OMERS has been an owner since March 2004.

www.omers.com Visit the "Private Equity" section at www.omers.com for more information about OMERS private equity investments.

Budget may affect some pensions

The recent federal budget includes some tax changes that could slightly affect the pensions of our members. If your income-tax amount changed, we sent you a notice in late June, in advance of your July 1st payment.

Basic personal amount and tax rate changes

The federal government has decreased the amount an individual can earn without paying federal income tax. It has also increased the tax rate for the lowest income bracket. These changes could increase the amount of tax we deduct from your monthly pension payment. If your pension is affected, you would have noticed a change in your July 1st payment.

An increase to the pension income credit

This credit is an additional amount retirees can claim to reduce their taxes. This used to be the lesser of your pension income or \$1,000. Effective July 1, this will become the lesser of your pension income or \$2,000. If you claim this credit, this could slightly decrease the amount of tax you pay.

Questions?

For more information about your:

- **general income-tax situation**, please contact whomever does your taxes, or Canada Revenue Agency at 1-800-959-8281 (or visit their website at www.cra-arc.gc.ca).
- **OMERS pension**, please call or e-mail OMERS Client Services. Our contact information is on the back page of this newsletter.

Parlez-vous français?

OMERS offre plusieurs documents en français à ses plus de 700 retraités francophones qu'il a en dossier. Si vous voulez que l'on vous ajoute à la liste afin de recevoir ce journal ainsi que votre *Relevé de rente annuel* en français, veuillez communiquer avec le Service à la clientèle d'OMERS (vous trouverez nos coordonnées à la dernière page).



Au cours de l'année écoulée, nous avons fait des progrès qui, nous l'espérons, permettront d'améliorer l'expérience d'OMERS de nos retraités francophones.

- Nous avons ajouté un autre agent d'information à notre centre d'appels. Cela porte notre effectif francophone à deux personnes à temps plein, auxquelles s'ajoutent deux remplaçants, ce qui permettra de répondre plus rapidement aux appels en français.

- Nous avons entrepris un examen complet des documents imprimés que nous fournissons à nos retraités – brochures, formulaires, lettres, etc. – afin de nous assurer qu'ils sont tous disponibles en français. Il y a encore deux ou trois lacunes et nous nous employons à les combler.
- Nous sommes en train d'accroître le contenu en français de notre site Web (www.omers.com). Nous avons en outre adopté une présentation semblable à celle de notre section en anglais.
- Nous continuons d'offrir des séances d'information des retraités en français afin de leur présenter le régime OMERS. Communiquez avec le Service à la clientèle d'OMERS pour vous savoir quand nous serons dans votre région ou pour prendre rendez-vous.

Certaines améliorations ne se font pas du jour au lendemain, mais nous tenons à fournir à nos retraités francophones les documents et les services dont ils ont besoin pour comprendre le régime OMERS. Si vous avez besoin d'un document ou d'un service qui n'est pas actuellement offert en français, nous nous ferons un plaisir de vous aider.

New OMERS Act passes

The new OMERS Act was proclaimed June 30, 2006. This is the last stage in bringing Bill 206 (an *Act to Revise the Ontario Municipal Employees Retirement System Act*) into effect.

The previous *Pension News* was a special edition covering Bill 206 in detail. Since then, many members have contacted OMERS over the past several months with questions about the new OMERS Act. Here, we answer the more common ones.

What is the new OMERS Act?

- The new OMERS Act is legislation that establishes a new and independent governance model for OMERS. It gives employers and plan members more control over the OMERS pension plan and introduces
- supplemental plans for active police, firefighters and paramedics. (Supplemental plans can be negotiated for other plan members.)
- The Ontario government established OMERS in 1963 and since then has had final approval for benefits and contribution rates. The new model outlined in Bill 206 replaces the Ontario government with a Sponsors Corporation that represents those who own the Plan: active and retired OMERS members and OMERS employers. Essentially, it changes the OMERS plan sponsor.
- The OMERS Board, which would be known as the Administration Corporation, will continue to oversee investments and administer the Plan.

Will my pension be affected?

Current pension benefits will not change as a result of the new OMERS Act. Your pension remains safe and secure.

Will the new OMERS Act change OMERS investment strategy?

Our investment strategy – which earned 16.0% in 2005 – will not change due to the Act.

What are supplemental plans?

Supplemental plans are separately funded, stand-alone pension plans that offer benefits not available in the OMERS primary plan. Benefits such as these are only available to and paid for by extra contributions from participating members and employers.

Governance structure: Current

Provincial Cabinet

- Plan design/benefit changes
- Contribution rates

OMERS Board

- Plan administration
- Investment of funds

Governance structure: New OMERS Act

Sponsors Corporation

- Plan design/benefit changes
- Contribution rates

Administration Corporation

- Plan administration
- Investment of funds

www.omers.com

For more FAQs and detailed information about the new OMERS Act, visit the *Plan Governance* section.

Value and trust drive satisfaction: poll

Trust in OMERS, value for money, and service are key factors influencing satisfaction among retired members, according to a 2005 market-research poll conducted by Millward Brown on behalf of OMERS. Retirees also like how we keep them up to date on Plan developments.

Overall satisfaction and trust with OMERS continues to grow among our retired members. "This is great news," says Ruth Abbott, Vice President, Strategy and Marketing. "It tells us that retirees understand that their OMERS pension is strong and secure."

The research also shows that retirees appreciate the value of

their OMERS pension and the way we take an interest in their needs.

The market research included random telephone interviews with 400 active members, 400 retired members, 100 employers and 100 local government elected officials. Focus groups were also conducted with key stakeholder groups.

www.omers.com – your one-stop info source

Looking for information about your OMERS pension? Visit our *Retirees* section at www.omers.com. Our website never closes; it's there when you need it. In it you'll find a comprehensive range of information and services to help you get the most of your OMERS experience.

Publications

View/print the most recent editions of Pension News, or request another OMERS publication online.

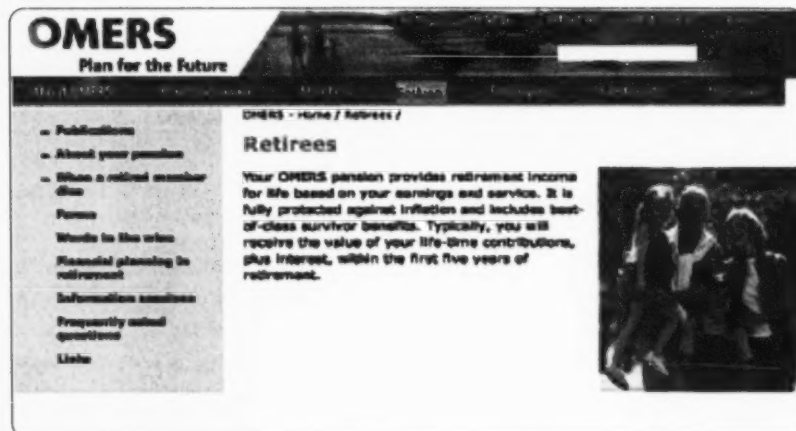
About your pension

Find out everything you need to know about your OMERS pension: how and when it's paid, taxes, inflation protection, what happens when you turn 65, and what to do if you return to work.

When a retired member dies

Excellent survivor benefits are a key feature of the OMERS pension plan, and part of our commitment to provide members and their survivors with a secure future.

This section provides information about the OMERS survivor benefit and how to apply for it. It also includes links to information about other government benefits, and to organizations that can



help in dealing with the loss of a loved one.

Forms

You'll find all of the forms you need in this section – whether you want to update us on your address and banking information, or adjust the tax we deduct.

Words to the wise

There's no substitute for experience. Add to your retirement knowledge through the personal accounts of other retired OMERS members. And, if you have something you'd like to share with other OMERS members – retirement advice or tips – please feel free to contribute to this forum.

Financial planning in retirement

Learn everything from the basics of creating a budget you can live with to tax and estate-planning tips.

Information sessions

OMERS hosts Pension Information Sessions throughout the province (also, see our related article on page 7 in this issue). These presentations are designed to bring the OMERS Plan to you. Find out where we'll be and when, and sign up for a session near you.

Frequently asked questions (FAQs)

You're not the only one who has questions about your OMERS pension. In this section, we group the questions we're commonly asked. You'll find the answer you're looking for here.

Links

OMERS is just one source for retirement information. We keep a list of retiree groups, government sites, financial institutions and newsletters that can help you further your retirement experience.

Receive your Pension News by e-mail

Want to receive your *Pension News* fast? Just sign up to have our retiree newsletter sent to you directly by e-mail instead of by mail.

Visit www.omers.com. In the "Retirees" section, click on "Publications." In the "QUICK LINKS" box, select "Pension News by e-mail."

You'll also be helping us to cut costs and to help the environment.

Volunteering helps OMERS retirees "give back" to community

In retirement, Shirley Bellehumeur spends almost half of her time volunteering for various organizations and is thrilled she has the time to do it.

"I am on the go a lot," says Shirley, an OMERS retiree. "I volunteer, spend a lot of time with my grandchildren and meet up with my friends when I can. I really enjoy my volunteer work."

Like Shirley, many retired OMERS members have found that volunteering provides an opportunity to give back to the community.

Because of her financial background, Shirley spends part of her time serving as the Finance Chairman of the Penetanguishene Public Library Board, and the Secretary-Treasurer of her church's finance committee. She also takes care of the accounting for her son's hardware store.

Share your expertise

"These organizations asked me to join because they were aware I had retired," says Shirley, a former treasurer for the Town of Penetanguishene. "I love to share the expertise I developed during my career."

Shirley also sits on the Penetanguishene Seniors' Advisory Committee and sings in her church choir.

"I don't know how I found the time to work before," Shirley laughs. "My life has never been busier. It really makes for a great social life."

"I like the feeling of satisfaction I get from contributing to the community and helping others," she says. "That is my favourite part."

Like Shirley, OMERS retiree Debra Arrowsmith also sees volunteer work as an opportunity to keep busy and contribute to her community. She volunteers in her grandson's junior kindergarten class three days a week and is delighted that retirement has given her the time to do so.

"This is something that I never got to do with my own kids," says Debra. "While my four children were growing up, I was working."

Before retirement, Debra worked at the John Noble Home in Brantford, where most of her time was spent assisting residents.

Now Debra helps run a program at her grandson's school that provides snacks for 155 children. "I am



OMERS retiree Shirley Bellehumeur enjoys volunteering, which she says gives her the opportunity to share the expertise she developed during her career.

responsible for deciding on a healthy snack and must make sure to stay within a budget."

Debra also volunteers in the school's library. "I read with the kids who would like some help, I tidy up and I put books away," she says, "I help out where it is needed."

Enjoy the social aspect

One thing Debra likes about volunteering is the social aspect. "I like that it gets me out of the house," she says. "And I get to talk with other volunteers." Debra says her volunteer work is a learning experience as well. "I have learned the new way of education," she says. "The way they do it now has changed from when my kids were in grade school."

Both Shirley and Debra are happy about the experiences they have gained from volunteering and glad they have the opportunity to do so. "OMERS has provided the security of a dependable income," says Shirley. "So I feel free to spend my time as I wish."

Many retired OMERS members have shared their ideas and experiences in a special on-line forum, "Words to the wise." When asked what they enjoy, many mentioned volunteer work as a way to stay active and fulfilled.

www.omers.com Find out more, or share your own ideas, by visiting "Words to the wise" in the *Retirees* section of our website.

Attend a Pension Information Session

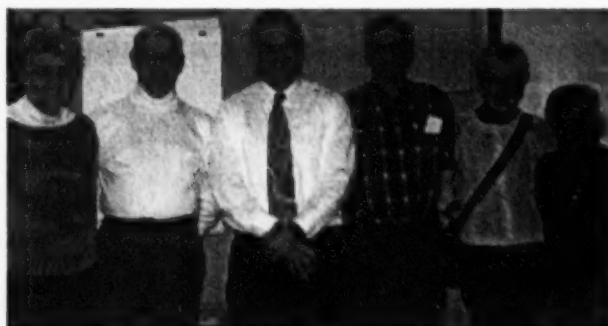
Join us and learn more about your OMERS pension. Our Pension Information Sessions help you to find out more about your OMERS pension and its powerful benefits. We'll cover such topics as:

- OMERS guaranteed inflation protection
- How the Canada Pension Plan works with your OMERS pension to provide you with a steady stream of retirement income
- Survivor benefits.

Where and when...

City	Date	Time	Place
Newmarket	July 19	2:00 - 3:30	Region of York, Regional Headquarters, 17250 Yonge Street (Yonge Street and Davis Drive)
Belleville	August 23	2:00 - 3:30	Hastings Prince Edward District School Board, 156 Ann Street
Waterloo	September 13	2:00 - 3:30	Delta Kitchener-Waterloo, 105 King Street East
Parry Sound	September 21	2:00 - 3:30	Bob Orr Community Centre, 7 Mary Street
St. Catharines	September 27	2:00 - 3:30	Four Points by Sheraton, St. Catharines, Niagara Suites, 3530 Schmon Pkwy
Barrie	October 4	2:00 - 3:30	Holiday Inn Barrie-Hotel & Conference Centre, 20 Fairview Road
Ottawa	October 10	2:00 - 3:30	Holiday Inn Select Ottawa-Kanata, 101 Kanata Avenue
Sault Ste. Marie	October 18	2:00 - 3:30	Holiday Inn, 208 St. Mary's River Drive
Wallaceburg	October 25	2:00 - 3:30	Oaks Inn - Wallaceburg, 80 McNaughton Avenue
Kincardine	November 9	2:00 - 3:30	Municipality of Kincardine, Municipal Administration Centre, 1475 Concession 5
Markham	November 15	2:00 - 3:30	Holiday Inn Hotel & Suites-Markham, 7095 Woodbine Avenue
Burlington	November 22	2:00 - 3:30	Holiday Inn Burlington Hotel & Conference Centre, 3063 South Service Road
Whitby	November 29	2:00 - 3:30	Le Gala, 65 Sunray Street

There is no charge to attend any of our sessions; travel and accommodation costs are up to you.



Pension Information Sessions give OMERS retirees the chance to find out more about the powerful benefits of their pension plan. These sessions also give retirees an opportunity to meet OMERS staff and to ask them questions in person.

www.omers.com For an online list of dates and locations of our Pension Information Sessions, and to sign up, please visit "Information sessions" in the Retirees section on our website.

Changing your address, banking or tax information?

Remember to keep OMERS up to date if your address and/or banking information changes. A returned piece of mail or bank deposit could interrupt your pension payments until we can contact you and confirm your information. This is for your protection.

Address change?

- If you receive your pension payments by direct deposit...
Please phone your address change to OMERS Client Services at 1-800-387-0813.
- If you receive your pension payments by mail at home...
Please complete and sign this form.

Banking and/or tax-deduction change?

Please complete and sign this form.

Name: _____ Date of birth:

D	M	Y	

 OMERS reference number:

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Address: _____

E-mail address: _____ May we e-mail you OMERS information? Yes ☐ No ☐

Make an "x" in the appropriate box(es), fill in the necessary information, then sign this form.

☐ **New address** _____
Date new address is effective:

D	M	Y	

 New phone number:

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☐ **Banking information change** Name and address of new bank: _____
New transit number (or attach void cheque): _____ Account number: _____

☐ **Tax deduction change** Please take **more** tax off my monthly OMERS pension payment: (amount) \$ _____ Please take **less** tax off my monthly OMERS pension payment: (amount) \$ _____
(We can only reduce the amount of **additional tax** you have previously asked us to withhold.)

Signature: _____ Date: _____

Remember to fill in your name and address at the top of this form.

Retiree database checkup

Each year, in late summer, OMERS Internal Audit Department sends a small sample of OMERS retirees a verification letter and form to sign and return to OMERS. This helps to ensure the integrity of our retiree database.

If you receive a verification letter from OMERS, please complete and return it to us without delay.

OMERS

Plan for the Future

An OMERS pension is a guaranteed source of inflation-protected retirement income – providing benefits to our retirees and survivors for life, and to their eligible children. *Pension News* keeps over 99,000 retired OMERS members and survivors up to date on plan news and benefits.

We value your views and comments. Send us an e-mail at client@omers.com or write to us at the address below.

For more information on your OMERS pension, please contact Client Services at 416-369-2444 or 1-800-387-0813. Our service hours are Monday to Friday 8:00 am to 5:00 pm.



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